

**LAWTON METROPOLITAN AREA**  
**AIRPORT AUTHORITY**

**Financial Statements**  
**For the Year Ended June 30, 2013 and 2012**

## **Table of Contents**

	<b><u>Pages</u></b>
<b><u>Financial</u></b>	
Management's Discussion and Analysis	1-5
Independent Auditor's Report	6-8
Basic Financial Statements	
Statements of Net Position	9
Statements of Revenues, Expenses, and Changes in Fund Net Position	10
Statements of Cash Flows	11
Notes to Financial Statements	12-20
<b><u>Supplementary Information</u></b>	
Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards	21-22
Schedules of Passenger Facility Charges	23-24
Passenger Facility Charges Audit Summary	25
Independent Auditor's Report On Compliance For Each Major Program And On Internal Control Over Compliance Required By OMB Circular A-133	26-28
Schedule of Expenditures of Federal Awards	29
Notes to Schedule of Expenditures of Federal Awards	30
Schedule of Findings and Questioned Costs	31-32

**Lawton Metropolitan Area Airport Authority  
Management's Discussion and Analysis  
For the Year Ended June 30, 2013 and 2012**

The following discussion and analysis of the financial performance of Lawton Metropolitan Area Airport Authority (the Authority) provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2013 and 2012. Please read it in conjunction with the Authority's financial statements, which begin on page 6.

**Financial Highlights**

- ❖ During the year ended June 30, 2013 the Airport's net position increased to \$19,014,656 from \$15,987,013 in 2012. Operating revenues and expenses did not change substantially.
- ❖ Operating revenues decreased to \$1,484,217 from \$1,564,592 in 2012 while non operating revenues increased to \$4,071,196 in 2013 from \$808,302 in 2012. This increase was primarily due to an increase in federal funds awarded through the Airport Improvement Program for capital improvements.
- ❖ Operating expenses increased to \$2,527,770 from \$2,519,961 in 2012, primarily as a result of increases in maintenance and operations, as well as additional depreciation on capital improvements made.

**Overview of the Financial Statements**

The report on audit of financial statements is presented in two sections: financial, and supplementary. The Authority has elected to present the financial statements in accordance with the business-type activities format, as designated by the Authority's primary government, the City of Lawton. Accordingly, the financial section of this report includes Management's Discussion and Analysis (as required supplementary information); the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Fund Net Position; the Statement of Cash Flows; and explanatory Notes to the Financial Statements, as required by Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis—for State and Local Governments*, as amended by (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

**Lawton Metropolitan Area Airport Authority**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2013 and 2012**

**The Basic Financial Statements**

One of the most important questions asked about the Authority is whether it is better off or worse off as a result of the year's financial activities. The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position report information about the Airport as a whole and about its activities in a way that answers this question. These statements include *all* assets and *all* liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. The accrual basis of accounting reports the current year's revenues and expenses regardless of when cash is actually received or disbursed.

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position report the Airport's net position and changes to them. You can think of the airport's net position—the difference between assets and liabilities – as one way to measure the Airport's financial health or financial position. Over time, increases or decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating. You will also need to consider non-financial factors, however, such as changes in requirements of the programs funded by the Authority, in addition to the condition of its physical facilities, to fully assess the overall health of the Authority.

**Financial Analysis of the Authority as a Whole**

The Authority's net position increased from a year ago. The following amounts are from the statement of net position, page 8, which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated.

<b>Lawton Metropolitan Area Airport Authority</b>			
Net Position			
<u>June 30, 2013 and 2012</u>			
	<u>2013</u>	<u>2012</u>	<u>Increase (Decrease)</u>
Current Assets	\$ 890,346	\$ 1,054,828	\$ (164,482)
Noncurrent assets	<u>18,458,592</u>	<u>15,061,779</u>	<u>3,396,813</u>
Total assets	<u>19,348,938</u>	<u>16,116,607</u>	<u>3,232,331</u>
Current liabilities	320,934	129,594	191,340
Noncurrent liabilities	<u>13,348</u>	<u>-</u>	<u>13,348</u>
Total liabilities	<u>334,282</u>	<u>129,594</u>	<u>204,688</u>

**Lawton Metropolitan Area Airport Authority**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2013 and 2012**

**Lawton Metropolitan Area Airport Authority**

	Net Position		
	<u>June 30, 2013 and 2012</u>		
	<u>2013</u>	<u>2012</u>	<u>Increase (Decrease)</u>
Net position:			
Invested in capital assets,			
Net of related debt	\$ 18,349,882	\$ 15,061,779	\$ 3,288,103
Restricted for construction	79,755	418,865	(339,110)
Restricted for land lease	-	-	-
Restricted for Delta Promotion	-	-	-
Unrestricted	<u>585,019</u>	<u>506,369</u>	<u>78,650</u>
Total net position	<u>\$ 19,014,656</u>	<u>\$ 15,987,013</u>	<u>\$ 3,027,643</u>

Net position increased by \$ 3,027,643. The increase is primarily due to an increase in property, plant, and equipment in the current year.

**Lawton Metropolitan Area Airport Authority**

	Operating Results		
	<u>Years Ended June 30, 2013 and 2012</u>		
	<u>2013</u>	<u>2012</u>	<u>Increase (Decrease)</u>
Operating revenues	\$ 1,484,217	\$ 1,564,592	\$ (80,375)
Operating expenses	<u>2,527,770</u>	<u>2,519,961</u>	<u>7,809</u>
Operating income (loss)	<u>(1,043,553)</u>	<u>(955,369)</u>	<u>(88,184)</u>
Non operating revenues (expenses)	<u>4,071,196</u>	<u>808,302</u>	<u>3,262,894</u>
Changes in net position	<u>3,027,643</u>	<u>(147,067)</u>	<u>3,174,710</u>
Net position, beginning	<u>15,987,013</u>	<u>16,134,080</u>	<u>(147,067)</u>
Net position, ending	<u>\$ 19,014,656</u>	<u>\$ 15,987,013</u>	<u>\$ 3,027,643</u>

During the year ended June 30, 2013, overall operating revenues decreased by \$ 80,375 and overall operating expenses increased by \$7,809, principally due to an increase in maintenance and operation expenses.

The Authority's net position increased by \$3,027,643, primarily due to increases in property, plant, and equipment.

**Lawton Metropolitan Area Airport Authority**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2013 and 2012**

**Lawton Metropolitan Area Airport Authority**  
**Analysis of Net Position**  
Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>	<u>Increase (Decrease)</u>
Net position:			
Invested in capital assets, Net of related debt	\$ 18,349,882	\$ 15,061,779	\$ 3,288,103
Restricted for construction	79,755	418,865	(339,110)
Restricted for land lease	-	-	-
Restricted for Delta Promotion	-	-	-
Unrestricted	585,019	506,369	78,650
Total net position	<u>\$ 19,014,656</u>	<u>\$ 15,987,013</u>	<u>\$ 3,027,643</u>

**Lawton Metropolitan Area Airport Authority**  
**Cash Flows**  
Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>	<u>Increase (Decrease)</u>
Cash provided (used) by:			
Operating activities	\$ 245,565	\$ 62,923	\$ 182,642
Non capital financing activities	(652)	(519)	(133)
Capital and related financing activities	(464,412)	(49,708)	(414,704)
Investing activities	444	436	8
Net increase (decrease) in cash and cash equivalents	(219,055)	13,132	(232,187)
Cash and cash equivalents, beginning	782,236	769,104	13,132
Cash and cash equivalents, ending	<u>\$ 563,181</u>	<u>\$ 782,236</u>	<u>\$ (219,055)</u>

**Capital Assets and Debt Administration**

At June 30, 2013, the Authority's investment in net capital assets decreased by \$185,834.

**Lawton Metropolitan Area Airport Authority**  
**Capital Assets, Net**  
Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>	<u>Increase (Decrease)</u>
Capital assets:	\$ 37,078,574	\$ 32,678,065	\$ 4,400,509
Less: accumulated depreciation	18,680,753	17,616,286	1,064,467
Capital assets, net	<u>\$ 18,397,821</u>	<u>\$ 15,061,779</u>	<u>\$ 3,336,042</u>

**Lawton Metropolitan Area Airport Authority  
Management's Discussion and Analysis  
For the Year Ended June 30, 2013 and 2012**

**Capital Assets and Debt Administration (continued)**

Major capital asset transactions during the year include the following additions:

*	Runway Rehabilitation Phase II	\$ 4,303,959
---	--------------------------------	--------------

The Authority's had long-term debt outstanding at June 30, 2013 related to the purchase of capital assets of \$47,993, of which \$34,591 is due within twelve months.

**Economic Factors and the Airport's Future**

The Authority's board considered factors when setting the budget, rates, and fees that will be charged for the Authority's services. One of these factors is the economy.

**Contacting the Airport's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and investors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact Ms. Barbara McNally, Airport Manager, Lawton Metropolitan Area Airport Authority, 3401 South 11<sup>th</sup> Street, Lawton, Oklahoma 73501.

# ROBERT D. TURNER C.P.A.

808 WEST GORE BLVD. • LAWTON, OK 73501 • (580) 248-7738 • fax (877) 366-0330

---

## **Independent Auditor's Report**

Board of Trustees  
Lawton Metropolitan Area Airport Authority  
Lawton, Oklahoma

I have audited the accompanying financial statements of the Lawton Metropolitan Area Airport Authority / a component unit of the City of Lawton as of and for the year ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the Standards applicable to financial audits contained in *Government Auditing Standard*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

## **Opinions**

In my opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the Lawton Metropolitan Area Airport Authority as of June 30, 2013 and 2012, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 -5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operation, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

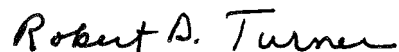
### *Other Information*

My audit was conducted for the purpose of forming an opinion on the financial statements of the Lawton Metropolitan Area Airport Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements of Lawton Metropolitan Area Airport Authority. The accompanying Schedule of Passenger Facility Charges is presented for purposes of additional analysis as required by the Federal Aviation Administration and is not a required part of the basic financial statements of Lawton Metropolitan Area Airport Authority. The financial statements, Schedule of Expenditures of Federal Awards and Schedule of Passenger Facility Charges are the responsibility of management and were derived from and

related directly to the underlying accounting and other records used to prepare the financial statements. The Schedule of Expenditures of Federal Awards and Schedule of Passenger Facility Charges have been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued my report dated November 15, 2013, on my consideration of the Lawton Metropolitan Area Airport Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lawton Metropolitan Area Airport Authority's internal control over financial reporting and compliance.



Robert D. Turner, CPA  
Lawton, Oklahoma  
November 15, 2013

**Lawton Metropolitan Area Airport Authority**  
**Statements of Net Position**  
**June 30, 2013 and 2012**

<b>ASSETS</b>	<b><u>2013</u></b>	<b><u>2012</u></b>
Current assets:		
Cash and cash equivalents	\$ 502,410	\$ 782,236
Accounts receivable, net	55,579	76,600
Due from governments	276,362	150,673
Prepaid insurance	10,950	11,412
Inventory	<u>45,045</u>	<u>33,907</u>
Total current assets	<u>890,346</u>	<u>1,054,828</u>
Noncurrent assets:		
Restricted Cash	60,771	-
Property, plant, and equipment, net of accumulated depreciation	<u>18,397,821</u>	<u>15,061,779</u>
Total noncurrent assets	<u>18,458,592</u>	<u>15,061,779</u>
Total assets	<u>19,348,938</u>	<u>16,116,607</u>
 <b>LIABILITIES:</b>		
Current liabilities:		
Bank overdrafts	\$ 228,645	\$ -
Accounts payable	38,462	111,588
Accrued liabilities	9,506	9,235
Accrued compensated absences	9,730	8,771
Current portion of long-term debt	34,591	-
Accrued interest payable	<u>-</u>	<u>-</u>
Total current liabilities	320,934	129,594
Long-term liabilities	<u>13,348</u>	<u>-</u>
Total liabilities	<u>334,282</u>	<u>129,594</u>
Net position:		
Invested in capital assets, net of related debt	18,349,882	15,061,779
Restricted for construction	79,755	418,865
Unrestricted	<u>585,019</u>	<u>506,369</u>
Total net position	<u>\$ 19,014,656</u>	<u>\$ 15,987,013</u>

The accompanying notes are an integral part of these financial statements.

**Lawton Metropolitan Area Airport Authority**  
**Statements of Revenues, Expenses, and Changes in Fund Net Position**  
**For the Years Ended June 30, 2013 and 2012**

<b>OPERATING REVENUES</b>	<b><u>2013</u></b>	<b><u>2012</u></b>
Rental income	\$ 534,868	\$ 555,444
Fire services contributed by City of Lawton	595,987	607,624
Commissions	67,193	70,275
Landing fees	68,569	47,252
Parking	136,973	164,228
Federal grants – TSA/DHS	75,123	117,577
Other	<u>5,504</u>	<u>2,192</u>
Total operating revenues	<u>1,484,217</u>	<u>1,564,592</u>
 <b>OPERATING EXPENSES</b>		
Salaries and wages	764,422	755,136
Payroll taxes and benefits	169,521	185,250
Advertising and Promotion	10,470	5,021
Legal and professional	50,525	44,440
Training and Travel	8,370	14,039
Telephone and utilities	75,946	89,565
Supplies and materials	52,933	66,629
Insurance	29,798	31,013
Maintenance, operations, and contractual	199,390	143,668
Fees, licenses, and dues	3,478	2,900
Depreciation	1,068,098	1,039,829
Security	91,254	138,537
Other expenses	<u>3,565</u>	<u>3,934</u>
Total operating expenses	<u>2,527,770</u>	<u>2,519,961</u>
Operating income (loss)	<u>(1,043,553)</u>	<u>(955,369)</u>
<b>NONOPERATING REVENUES AND (EXPENSES)</b>		
Interest income	173	230
Interest income, restricted	271	206
Unrealized gain (loss) on investments	-	-
Gain (loss) on disposition	(917)	(1,222)
Interest expense	(652)	(509)
In-kind	-	1,000
Passenger facility charges	199,070	252,442
Grants – McMahon Foundation/City of Lawton	-	-
Federal grants – construction	<u>3,873,251</u>	<u>556,155</u>
Total non-operating revenues and expenses	<u>4,071,196</u>	<u>808,302</u>
Change in net position	<u>3,027,643</u>	<u>(147,067)</u>
 NET POSITION, beginning	<u>15,987,013</u>	<u>16,134,080</u>
NET POSITION, ending	<u>\$ 19,014,656</u>	<u>\$ 15,987,013</u>

The accompanying notes are an integral part of these financial statements.

**Lawton Metropolitan Area Airport Authority**  
**Statements of Cash Flows**  
**June 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from federal and state grants and contracts, program fees, and other revenues	\$ 1,559,164	\$ 1,581,286
Cash paid to suppliers goods and services	(1,145,308)	(1,333,113)
Cash paid for salaries and benefits	(168,291)	(185,250)
Net cash provided (used) by operating activities	<u>245,565</u>	<u>62,923</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash from Certificate of Deposit	-	-
Interest received	444	436
Unrealized gain on investments	-	-
Net cash provided (used) by investing activities	<u>444</u>	<u>436</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of property and equipment	(4,405,057)	(854,217)
Proceeds from sale of property and equipment	-	-
Federal grants	3,892,706	814,253
State and local grants	-	-
Proceeds from borrowings	53,168	-
Principal payments on notes payable	(5,229)	(9,744)
Net cash provided (used) by capital and related financing	<u>(464,412)</u>	<u>(49,708)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Interest Expense	(652)	(519)
Net cash provided (used) by noncapital financing activities	<u>(652)</u>	<u>(519)</u>
Net increase (decrease) in cash and cash equivalents	(219,055)	13,132
CASH AND CASH EQUIVALENTS, beginning	<u>782,236</u>	<u>769,104</u>
CASH AND CASH EQUIVALENTS, ending	<u>\$ 563,181</u>	<u>\$ 782,236</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>		
Operating Income (loss)	\$ (1,043,553)	\$ (955,369)
Adjustments to reconcile increase (decrease) in net position to net cash provided (used) by operating activities:		
Depreciation	1,068,098	1,039,829
Changes in assets and liabilities:		
(Increase) decrease in receivables	21,021	28,831
(Increase) decrease due from governments (TSA/DHS)	53,926	(12,137)
(Increase) decrease prepaid expenses	462	8,190
(Increase) decrease in inventory	(11,138)	5,172
Increase (decrease) in bank overdrafts	228,645	-
Increase (decrease) in accounts payable	(73,126)	(55,782)
Increase (decrease) in accrued expenses	271	1,775
Increase (decrease) in accrued compensated absences	959	2,414
Total adjustments	<u>1,289,118</u>	<u>1,018,292</u>
Net cash provided (used) by operating activities	<u>\$ 245,565</u>	<u>\$ 62,923</u>

The accompanying notes are an integral part of these financial statements.

**Lawton Metropolitan Area Airport Authority**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

**1. Organization**

The Lawton Metropolitan Area Airport Authority (the Authority) was established by the City of Lawton (the City) as an Oklahoma Public Trust in October 1969 to operate the Lawton Municipal Airport and to modernize and expand the airport facilities. One Authority trustee is also a member of the City Council. The Authority does not have the power to levy taxes, and while the City of Lawton has no obligation for debt issued by the Authority, it is the beneficiary of the trust.

The Authority equips, operates, and maintains the airport facilities and collects various amounts related to Authority activities from leases and commissions. In-kind services, such as aircraft rescue and firefighting staff, are supplied by the City. The airport has a 30,000 square foot terminal and a general aviation terminal. American Eagle is the airport's commercial carrier. American Eagle offers daily flights to and from Dallas-Fort Worth International Airport. During most operating periods, the airport receives capital improvement funds from federal sources, passenger facility charges, City Capital Improvement Projects (CIP), and Oklahoma Aeronautic Commission (OAC) state grants.

**2. Summary of accounting policies**

This report is prepared in conformity with U.S. Generally accepted Accounting Principles (GAAP) and the provisions of Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Those statements establish standards for external financial reporting for all state and local governmental entities which include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Fund Net Position, and a Statement of Cash Flows.

Basis of Accounting – The financial statements have been prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenditures are recognized when incurred. The Statement of Revenues, Expenses, and Changes in Fund Net Position is a statement of financial activities related to the current reporting period.

**Lawton Metropolitan Area Airport Authority**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

Government –wide Financial Statements -- The adopted GASB Statements require that the overall financial condition of the Airport be displayed in three entity-wide financial statements. These are the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Fund Net Position; and the Statement of Cash Flows. These include all financial activity of the Airport.

The financial statements are presented using the “business-type activities” approach. Business-type activities are those that provide specific, divisible services to residents or businesses and are funded primarily by user charges. As is required by generally accepted accounting principles, the Authority reports using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. This method of accounting also distinguishes operating revenues and expenses from non-operating items and capital contributions. Operating revenues and expenses generally result from providing services in connection with the Authority’s principal ongoing operations. Revenues and expenses not meeting this definition are reported as either non-operating revenues and expenses or capital contributions.

GASB Statements No. 34 and 63 require that the Statement of Net Position classify net position into three components: invested in capital assets, net of related debt; restricted, and unrestricted. These classifications are defined as follows.

Invested in Capital Assets, Net of Related Debt -- This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of debt attributable to the unspent proceeds are not included in the calculation of investment in capital assets, net of related debt. Rather, that portion of the debt is included in the net position component as the unspent proceeds.

Restricted Net Position -- This component of net position consists of constraints placed on net asset use through external restrictions imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provision or enabling legislation.

Unrestricted Net Position -- This component of net position consists of those net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

**Lawton Metropolitan Area Airport Authority**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

Component Unit -- Component units are legally separate organizations for which the officials of the primary entity are financially responsible. In addition, component units can be other organizations which the nature and significance of their relationship with the primary entity are such that the exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Since the City of Lawton has no obligation for debt issued by the Authority, it considers the Authority a separate entity and does not include the Authority in its financial statements.

Use of Estimates -- Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets, liabilities and net position, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents -- the Authority considers cash on hand, demand deposits, interest bearing accounts, and investments with a maturity of 90 days or less to be cash and cash equivalents

Investments -- All investments are recorded at fair value.

Capital Assets -- Acquisitions of property and equipment with a useful life of more than one year and an original cost of \$1,000 or more are recorded as additions to fixed assets. Depreciation of property and equipment has been calculated on the estimated useful lives using the straight-line method as follows:

<u>Type of Asset</u>	<u>Years</u>
Runways, ramps, and roads	20
Buildings and improvements	50
Equipment	5-20
Office furniture and equipment	5-10

In-Kind and Match Revenue Expenses -- Certain grants require in-kind matching funds. The Authority participates in the Federal Aviation Administration's (FAA) passenger facility charge (PFC) program using these funds to provide matching funds for federal funding of construction contracts.

Statements of Cash Flows -- In accordance with GASB Statement 34, the accompanying financial statements include a Statement of Cash Flows which is presented using the direct method.



**Lawton Metropolitan Area Airport Authority**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

Income Tax Status -- the Authority qualifies as an organization exempt from income taxes. As a government instrumentality, no provision has been made for federal or state income taxes.

**3. Deposits and Deposit Risk**

The Lawton Metropolitan Area Airport Authority is governed by the deposit and investment limitations of state law. The Authority held the following deposits at June 30, 2013 and reported at fair value, are as follows:

<u>Type</u>	<u>Carrying Value</u>
Demand deposits	\$ 562,775
Bank Overdrafts	(228,645)
Demand deposits, restricted	-
Time deposits	<u>0</u>
Total deposits	<u>\$ 334,130</u>

Custodial Credit Risk – Deposits in financial institutions, reported as components of cash and cash equivalents had a bank balance of \$533,646 at June 30, 2013. All deposits were insured by depository insurance or secured with collateral held by the Authority's agent in its name.

Investment Interest Rate Risk – The Authority has no normal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk – The Authority has no investment policy that limits its investment choices other than the limitation of state law as follows:

- a. Direct obligations of the U. S. Government, its agencies and instrumentalities to which the full faith and credit of the U. S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.

**Lawton Metropolitan Area Airport Authority**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.

Concentration of Investment Credit Risk – The Authority places no limit on the amount it may invest in any one issuer.

**4. Receivables**

Accounts -- the Authority submits requests for advances and/or reimbursements to grantor and pass-through agencies for grant funds. As of June 30, 2013 and 2012, respectively, the Authority had the following outstanding receivables:

	<u>2013</u>	<u>2012</u>
Government	\$ 276,362	\$ 150,673
Contracts and other	<u>55,579</u>	<u>76,600</u>
Accounts receivable, net	<u>\$ 331,941</u>	<u>\$ 227,273</u>

All amounts receivable at June 30, 2013 and 2012 were collected subsequent to the respective year ends.

**5. Fire services contributed by the City of Lawton**

The City provides fire protection for the Authority in a facility owned by the Authority. Salaries and other costs paid by the City and dedicated to the Authority are recognized in the financial statements as in-kind contributions. In-kind contributions for the years ended June 30, 2013 and 2012, respectively, consisted of the following:

	<u>2013</u>	<u>2012</u>
Salaries	\$ 481,415	\$ 484,606
Taxes and fringe benefits	84,955	85,518
Maintenance, operations, and contractual services	<u>29,617</u>	<u>37,500</u>
Fire Services contributed by the City of Lawton	<u>\$ 595,987</u>	<u>\$ 607,624</u>

**Lawton Metropolitan Area Airport Authority**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

**6. Capital assets**

The Authority's investment in property and equipment, at June 30, 2013 and 2012, and the related activity for the years then ended was as follows:

	Beginning Balance June 2012	Increases	Decreases	Ending Balance June 2013
Assets not being depreciated:				
Land	\$ 387,783	\$ -	\$ -	\$ 387,783
Construction in progress	<u>593,896</u>	<u>4,328,676</u>	<u>500,670</u>	<u>4,421,902</u>
Total assets not being depreciated	<u>981,679</u>	<u>4,328,676</u>	<u>500,670</u>	<u>4,809,685</u>
Assets being depreciated:				
Runways, ramps, and roads	22,283,230	509,830	-	22,793,060
Buildings and improvements	6,958,462	11,150	-	6,969,612
Equipment	2,143,174	18,095	6,824	2,154,445
Vehicles	23,292	27,581	-	50,873
Furniture and equipment	102,854	-	-	102,854
Land improvements	<u>185,374</u>	<u>12,670</u>	<u>-</u>	<u>198,044</u>
Total assets being depreciated	<u>31,696,386</u>	<u>579,326</u>	<u>6,824</u>	<u>32,268,888</u>
Total assets	<u>32,678,065</u>	<u>4,908,002</u>	<u>507,494</u>	<u>37,078,573</u>
Less accumulated depreciation for:				
Runways, ramps, and roads	13,594,758	754,575	-	14,349,333
Buildings and improvements	2,700,900	144,271	-	2,845,171
Equipment and fixture	1,162,122	139,348	3,632	1,297,838
Furniture and fixtures	83,433	2,993	-	86,426
Vehicles	15,917	8,335	-	24,252
Land improvements	<u>59,156</u>	<u>18,576</u>	<u>-</u>	<u>77,732</u>
Total accumulated depreciation	<u>17,616,286</u>	<u>1,068,098</u>	<u>3,632</u>	<u>18,680,752</u>
Net capital assets	<u>\$ 15,061,779</u>	<u>\$ 3,839,904</u>	<u>\$ 503,862</u>	<u>\$ 18,397,821</u>

Buildings are presented at cost, or fair market value if donated, while equipment, furniture, fixtures, and vehicles with a life of more than one year are included at cost.

Depreciation expense for the years ended June 30, 2013 and 2012 was \$1,068,098 and \$1,039,829, respectively.

**Lawton Metropolitan Area Airport Authority**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

**7. Rental income**

As Lessee - The Authority leases the Lawton Metropolitan Airport facility from the City of Lawton at no cost to the Authority under a fifty-year lease dated January 1970. The lease gives the Authority the right to all revenues derived from the airport facilities, and the Authority assumes the obligation to expand, modernize, and improve the facility.

As Lessor - The Authority, as operator of the airport facility, acts as lessor to various airlines and businesses operating at the airport.

**8. Airport security contract**

During the year ended June 30, 2013 the Lawton Metropolitan Area Airport Authority received and/or earned \$ 75,123 from the Transportation Security Administration and expended by reimbursement to the City of Lawton a like amount for airport police services. The revenue is included in other revenue on the Statement of Revenue, Expenses, and Changes in Net Assets, and the expense is included in Security expense.

**9. Compensated absences**

Employees are eligible to take vacation on a compensated basis after one year of service with the amount of vacation pay determined by length of service. Employees are allowed to carryover a maximum of 40 hours of vacation each year. The Authority limits payment of unused vacation time to a maximum of 80 hours upon termination of employment. Sick leave is accrued at a rate of 1 day per month for a maximum of 12 days per year and may accrue to a maximum of 160 hours. When an employee leaves the employment with the Authority, the balance of sick leave is forfeited.

The accompanying financial statements as of June 30, 2013 and 2012 include obligations of \$9,730 and \$8,771 in accrued liabilities for compensated absences, respectively.

**Lawton Metropolitan Area Airport Authority**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

**10. Long-term debt**

In November, the Authority incurred debt of \$27,716 in the form of a note to purchase a 2012 Ford pickup. Interest on the loan is at 2.55 percent, with monthly payments of \$801. The loan matures on November 26, 2015.

Annual principal and interest payments to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 9,144	\$ 467	\$ 9,611
2015	13,348	257	13,605

In addition, the Authority has an operating line of credit with a local financial institution for \$300,000. The balance on June 30, 2013 and 2012 was \$25,447 and -0-, respectively. The loan carries an interest at a rate equal Wall Street Prime, the rate on June 30, 2013 was 3.25%. The loan matures on May 1, 2014 at which time all principal and interest comes due. There was no accrued interest owed on June 30, 2014.

**11. Simplified employee pension plan**

Plan Description -- On January 1, 1989, the Authority adopted a Simplified Pension Plan (a defined contribution plan) for all its full-time employees who are at least twenty-one (21) years of age, are not covered under a collective bargaining agreement, have worked at least one year of the immediately preceding five (5) years, and whose total compensation during the year is equal to or exceeds \$300. During the years ended June 30, 2013, and June 30, 2012 the Authority contributed 7% of eligible employees' annual salary into a flexible premium annuity and mutual funds i.e., a pension plan contribution of \$15,884 and \$14,683 respectively, was made by the Authority.

**12. Grants and contracts**

During the year ended June 30, 2013 the Authority spent the following amounts under various grants and contracts related to airport construction projects. Some of the revenue has yet to be received, and some had been received in prior periods.

<u>Grant No.</u>	<u>Amount Expended</u>
AIP Project 30	\$ 3,873,538
Total	<u>\$ 3,873,538</u>

**Lawton Metropolitan Area Airport Authority**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

In addition, the Authority spent \$75,123 of federal funds from the Transportation Security Administration grant to provide security for the airport.

**13. Commitments and contingencies**

Grant -- The Authority receives matching capital asset grants from the Federal Aviation Administration (FAA). The grant expenditures are subject to audit by the FAA, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement, which may arise as the result of these audits is not believed to be material by management.

**14. Subsequent Events**

The Authority did not have any subsequent events through November 15, 2013, which is the date the financial statements were issued, for events requiring recording or disclosure in the financial statements for the year ending June 30, 2013.

## **SUPPLEMENTAL INFORMATION**

# ROBERT D. TURNER C.P.A.

808 WEST GORE BLVD. • LAWTON, OK 73501 • (580) 248-7738 • fax (877) 366-0330

---

## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees  
Lawton Metropolitan Area Airport Authority  
Lawton, Oklahoma

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lawton Metropolitan Area Airport Authority as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Lawton Metropolitan Area Airport Authority's basic financial statements, and have issued my report thereon dated November 15, 2013.

### **Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered Lawton Metropolitan Area Airport Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lawton Metropolitan Area Airport Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of Lawton Metropolitan Area Airport Authority's internal control.

*A deficiency of internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

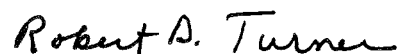


## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Lawton Metropolitan Area Airport Authority's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion of the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Robert D. Turner". The signature is written in a cursive style with a large, stylized 'R' and 'T'.

Robert D. Turner, CPA  
November 15, 2013

**Lawton Metropolitan Area Airport Authority**  
**Schedules of Passenger Facility Charges**  
**Year Ended June 30, 2013**

<b>REVENUE</b>	<u>Beginning Balance</u>	<u>Quarter 1</u>	<u>Quarter 2</u>	<u>Quarter 3</u>	<u>Quarter 4</u>	<u>6/30/13 Total</u>	<u>Program Total</u>
Collections	\$ 2,615,795	\$ 60,304	\$ 59,322	\$ 46,109	\$ 54,774	\$ 220,509	\$ 2,836,304
Interest	<u>39,997</u>	<u>52</u>	<u>52</u>	<u>25</u>	<u>19</u>	<u>148</u>	<u>40,145</u>
Total revenue	<u>2,655,792</u>	<u>60,356</u>	<u>59,374</u>	<u>46,134</u>	<u>54,793</u>	<u>220,657</u>	<u>2,876,449</u>
<b>DISBURSEMENTS</b>							
Application 92-01-C-03-LAW(closed)	452,189						452,189
Application 97-02-C-03-LAW (closed)	380,745						380,745
Application 02-03-C00-LAW (closed)	303,687						303,687
Application 04-04-C-00-LAW (closed)	249,492						249,492
<b>PROJECTS:</b>							
Application 07-05-C00-LAW							
1—Drainage Reimbursement	40,328						40,328
2—Master Plan Update	10,912						10,912
3—Fire Suits	12,555						12,555
4—Rehab T Hangar Taxiways	38,342						38,342
5—Reconstruct Taxiway G	29,573						29,573
6---Extend Taxiway G							
7---Rehab s. 2400 of Runway	-0-	16,531	321,339	48,420	27,258	413,548	413,548
8---Rehab Runway Joints	-0-			17,500		17,500	17,500
Application 08-06-C00-LAW							
1—Emergency Power Generator							
2—Terminal Building Renovations	346,122						346,122
3—Security Enhancements	383,793						383,793
4—PFC Application and Admin fees	29,612						29,612

**Lawton Metropolitan Area Airport Authority**  
**Schedules of Passenger Facility Charges (continued)**  
**Year Ended June 30, 2013**

Application 13-07-C-00-LAW

1—Taxiway A Pavement Soil Testing	-0-				7,052	7,052	7,052
2—Taxiway Rehab	-0-				28,581	28,581	28,581
3—Runway Overlay Design	-0-				10,617	10,617	10,617
4---Pavement Replacement Design	-0-				2,632	2,632	2,632
5---Pavement Replacement Construction	-0-				25,084	25,084	25,084
6---Boarding Gate Preliminary Design	-0-				26,034	26,034	26,034
7---Boarding Gate Final Design/Construction	-0-						
8---Baggage Claim Preliminary Design	-0-						
9---Baggage Claim Construction	-0-						
10---Boarding Bridges Installation	-0-						
11---SRE Design/Construction	-0-						
12---Sweeper Truck Procurement	-0-						
13---ARFF Vehicle Procurement	-0-						
14---Wildlife Hazard Assessment	-0-						
15—PFC Application and Administration	-0-				7,280	7,280	7,280
Total disbursements	<u>2,277,350</u>	<u>16,531</u>	<u>321,339</u>	<u>65,920</u>	<u>134,538</u>	<u>538,328</u>	<u>2,815,678</u>
Net Passenger Facility Charges	<u>\$ 378,442</u>	<u>\$ 43,825</u>	<u>\$ (261,965)</u>	<u>\$ (19,786)</u>	<u>\$ (79,745)</u>	<u>\$ (317,671)</u>	<u>\$ 60,771</u>
Passenger Facility Charges account balance	<u>\$ 378,442</u>	<u>\$ 422,267</u>	<u>\$ 160,302</u>	<u>\$ 140,516</u>	<u>\$ 60,771</u>	<u>\$ 60,771</u>	<u>\$ 60,771</u>

**Lawton Metropolitan Area Airport Authority  
Passenger Facility Charges Audit Summary  
Years Ended June 30, 2013**

- |  |   |
|--|---|
| 1. Type of report issued on PFC financial statements.  | <input checked="" type="checkbox"/> Unqualified <input type="checkbox"/> Qualified                  |
| 2. Type of report on PFC compliance  | <input checked="" type="checkbox"/> Unqualified <input type="checkbox"/> Qualified                  |
| 3. Quarterly Revenue and Disbursements reconcile with submitted quarterly reports and reported un-liquidated revenue matches actual amounts.         | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No                                 |
| 4. PFC Revenue and Interest is accurately reported on FAA Form 5100-127.   | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No                                 |
| 5. The Public Agency maintains a separate financial accounting record for each application.  | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No                                 |
| 6. Funds disbursed were for PFC eligible items as identified in the FAA decision to pay only for the allowable costs of the projects.                | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No                                 |
| 7. Monthly carrier receipts were reconciled with quarterly carrier reports.  | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No                                 |
| 8. PFC revenues were maintained in a separate interest-bearing capital account or commingled only with other interest-bearing airport capital funds. | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No                                 |
| 9. Serving carriers were notified of PFC program actions/changes approved by the FAA.  | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No                                 |
| 10. Quarterly Reports were transmitted (or available via website) to remitting carriers.   | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No                                 |
| 11. The Public Agency is in compliance with Assurances 5, 6, 7, and 8.   | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No                                 |
| 12. Project design and implementation is carried out in accordance with Assurance 9.   | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No                                 |
| 13. Program administration is carried out in accordance with Assurance 10.   | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No                                 |
| 14. For those public agencies with excess revenue, a plan for the use of this revenue has been submitted to the FAA for review and concurrence       | <input type="checkbox"/> Yes <input type="checkbox"/> No<br><input checked="" type="checkbox"/> N/A |

# ROBERT D. TURNER C.P.A.

808 WEST GORE BLVD. • LAWTON, OK 73501 • (580) 248-7738 • fax (877) 366-0330

---

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A - 133**

Board of Trustees  
Lawton Metropolitan Area Airport Authority  
Lawton, Oklahoma

### **Report on Compliance for Each Major Federal Program**

I have audited Lawton Metropolitan Area Airport Authority's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Lawton Metropolitan Area Airport Authority's major federal programs for the year ended June 30, 2013. The Lawton Metropolitan Area Airport Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### **Auditor's Responsibility**

My responsibility is to express an opinion on compliance for each of Lawton Metropolitan Area Airport Authority's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organization*. Those standards and OMB Circular A- 133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Lawton Metropolitan Area Airport Authority's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the Lawton Metropolitan Area Airport Authority's compliance.

## **Opinion on Each Major Federal Program**

In my opinion the Lawton Metropolitan Area Airport Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

## **Other Matters**

The results of my auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133.

## **Report on Internal Control Over Compliance**

Management of the Lawton Metropolitan Area Airport Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered Lawton Metropolitan Area Airport Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Lawton Metropolitan Area Airport Authority's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Robert D. Turner*

Robert D. Turner  
Lawton, OK  
November 15, 2013

**Lawton Metropolitan Area Airport Authority**  
**Schedules of Expenditures of Federal Awards**  
**Years Ended June 30, 2013**

<u>Federal Grantor Agency/Grant Program/Grant Number</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Transportation:</b>			
Federal Aviation Administration - Airport Improvement Program			
03-40-0051-30	20.106	N/A	<u>\$ 3,873,538</u>
<b>Total CFDA 20.106</b>			<u><b>3,873,538</b></u>
Total Expenditures of Federal Awards			<u><b>\$ 3,873,538</b></u>



**Lawton Metropolitan Area Airport Authority**  
**Notes to Schedules of Expenditures of Federal Awards**  
**Years Ended June 30, 2013**

**1. Basis of Presentation**

The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards presents the activity of the federal awards program of Lawton Metropolitan Area Airport Authority (the Authority) for the year ended June 30, 2013. Federal awards received directly from federal agencies and expended by the Authority are included in the schedule. Although the Authority is required to match certain grants, as defined therein, no such matching has been included in the schedule.

**2. Basis of Accounting**

The Schedule of Expenditures of Federal Awards has been prepared on the basis of accounting as defined by OMB Circular A-133. Under this basis, expenditures are recognized when the activity related to the award occurs.

**3. Risk-Based Audit Approach**

The dollar threshold to distinguish between Type A and Type B programs is \$300,000. The Authority does not qualify as a low-risk auditee.

**4. Sub-Recipients**

Of the expenditures presented in the schedule, The Authority did not provide any awards to sub-recipients.

**5. Outstanding Federal Loans**

The Authority has no federal loan obligations as of June 30, 2013.

**Lawton Metropolitan Area Airport Authority  
Schedule of Findings and Questioned Costs  
Years Ended June 30, 2013**

**Section 1—Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- |   |                              |  |
|---|------------------------------|--|
| ▪ Material weakness(es) identified?   | YES <input type="checkbox"/> | NO <input checked="" type="checkbox"/> |
| ▪ Significant deficiency identified that is not considered to be material weaknesses? | YES <input type="checkbox"/> | NO <input checked="" type="checkbox"/> |

Noncompliance material to financial statements noted?	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>
---	------------------------------	--

**Federal Awards**

Internal control over major programs:

- |   |                              |  |
|---|------------------------------|--|
| ▪ Material weakness(es) identified?   | YES <input type="checkbox"/> | NO <input checked="" type="checkbox"/> |
| ▪ Significant deficiency identified that is not considered to be material weaknesses? | YES <input type="checkbox"/> | NO <input checked="" type="checkbox"/> |

Type of auditor's report issued: Unqualified

Any audit findings disclosed required to be reported in accordance with section 510 (a) of Circular A -133?	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>
---	------------------------------	--

Identification of major programs

<u>CDFA Number (s)</u>	<u>Name of Federal Program or Cluster</u>
20.106	U.S. Department of Transportation Federal Aviation Administration Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs?  
\$ 300,000

Auditee qualified as low-risk?	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
--------------------------------	---	-----------------------------

**Lawton Metropolitan Area Airport Authority  
Schedule of Findings and Questioned Costs Continued  
Years Ended June 30, 2013**

**Section 2—Financial Statement Findings**

None reported.

**Section 3 – Findings and Questioned Costs – Major Federal Program Audit**

None reported.